

HB 29 EXPAND CRITERIA FOR EXTRAORDINARY EVENT EXCEPTIONS

What does HB 29 do?

HB 29 updates current Montana law, which is based on the National Conference of Insurance Legislators (NCOIL) model law, to reflect amended changes to the model. The model states that an insurance company that uses credit information for rating or underwriting shall, on request from the insured, provide exceptions if the customer has experienced certain factors and whose credit information has been influenced by these factors. The model law includes eight factors. Montana currently has four of those factors in place. HB 29 expands the list to include military deployment overseas.

In order to receive an exception, an insurance company may require written, verifiable proof of the event and proof that the event harmed the consumer's credit.

During the process to revise the model, insurance company and agent representatives supported the revision. The American Insurance Association (AIA), the National Association of Mutual Insurance Companies (NAMIC), and Property-Casualty Insurers Association of America (PIC) noted that a handful of states already have extraordinary life circumstances (ELC) exceptions.

NCOIL Model Law:

Section 6. Extraordinary Life Circumstances

A. Notwithstanding any other law or regulation, an insurer that uses credit information shall, on written request from an applicant for insurance coverage or an insured, provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement, or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by any of the following events:

1. Catastrophic event, as declared by the federal or state government
2. Serious illness or injury, or serious illness or injury to an immediate family member
3. Death of a spouse, child, or parent
4. Divorce or involuntary interruption of legally-owed alimony or support payments
5. Identity theft
6. Temporary loss of employment for a period of 3 months or more, if it results from involuntary termination
7. Military deployment overseas
8. Other events, as determined by the insurer

Current Montana Law:

(a) An insurer shall, on written request from an applicant or an insured, provide reasonable underwriting or rating exceptions for a consumer whose credit report has been directly affected by an extraordinary event.

(b) An insurer may require reasonable written and independently verifiable documentation of the event and the effect of the event on the consumer's credit before granting an exception. An insurer is not required to consider repeated extraordinary events or extraordinary events the insurer reconsidered previously.

(c) An insurer may also consider granting an exception to a consumer for an extraordinary event not listed in this section.

(d) An insurer may not be considered to be out of compliance with its filed rules and rates as a result of granting an exception pursuant to this subsection (2).

(e) As used in this subsection (2), "extraordinary event" means:

- (i) expenses related to a catastrophic injury or illness;
- (ii) temporary loss of employment;
- (iii) death of an immediate family member; or
- (iv) theft of identity pursuant to 45-6-332